

UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

United States Courts  
Southern District of Texas  
ENTERED

APR 26 2001

Michael N. Milby, Clerk of Court

IN RE:

ADVANCED TELECOMMUNICATIONS  
SYSTEMS, INC., ET AL.  
DEBTORS

JOINTLY ADMINISTERED UNDER  
CASE NO. 01-33455-H2-11

Advanced Telecommunications

Systems, Inc.

Network Media Services, Inc.

Accurate Business Machines, Inc.

CASE NO. 01-33455-H2-11

CASE NO. 01-33469-H2-11

CASE NO. 01-33472-H2-11

**FINAL ORDER GRANTING DEBTOR'S EMERGENCY MOTION  
FOR ORDER (1) APPROVING POST-PETITION SECURED  
FINANCING PURSUANT TO 11 U.S.C. § 364(c); AND (2) GRANTING  
SUPERPRIORITY LIENS**

On the 23rd day of April, 2001, this Court considered the Debtor's Emergency Motion For Order (1) Approving Post-petition Secured Financing Pursuant to 11 U.S.C. § 364(c); and (2) Granting Superpriority Liens (the "Motion"). In this Order, all three Debtors are collectively referred to as "Debtor," or individually as "ATS," "Network" and "Accurate." After examining the Motion and upon completion of notice and opportunity for a hearing as provided for pursuant to the provisions of Sections 102, 105, 362, 363 and 364 of the Bankruptcy Code and Rules 2002 and 4001 of the Federal Rules of Bankruptcy Procedure, this Court finds:

1. On or about March 31, 2001 (the "Petition Date"), the Debtor filed a petition for reorganization pursuant to Chapter 11 of the Bankruptcy Code. Pursuant to Sections 1107 and 1108 of the Bankruptcy Code, the Debtor has retained possession of its assets and is authorized as Debtor-In-Possession to continue the operation and management of its business. Previous hearings have been held on Debtors' Emergency Motions for Approval of Post-Petition Credit Agreement and Interim Orders were entered April 3, 2001 and April 10, 2001, and a Third Interim Order was entered April 17, 2001.

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2. The Debtor has provided or will provide actual oral or facsimile notice of this hearing and the terms of the Motion to the twenty largest creditors of the Debtor and the United States Trustee. Such notice is appropriate and adequate notice under the circumstances set forth herein and presented to this Court. Consequently, adequate notice and opportunity for a hearing has been given in accordance with applicable provisions of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure.

3. An immediate need exists for the Debtor to obtain additional funds in order to continue operation of its business. Without such funds, the Debtor will not be able to pay wages, salaries and operating expenses. The Debtor has a need for funds immediately in order to meet current payrolls, pay necessary operating expenses, and preserve the value of the Debtor to enhance the successful reorganization of Debtor. The entry of this Order is necessary to avoid immediate and irreparable harm to the Debtor, its creditors, its estate and other parties-in-interest.

4. The Debtor is unable, in the ordinary course of business or otherwise, to obtain unsecured credit allowable under Section 503(b)(1) of the Bankruptcy Code as an administrative expense pursuant to Sections 364(a) or (b) of the Bankruptcy Code or secured indebtedness pursuant to Section 364(c) of the Bankruptcy Code on terms or from sources other than as provided by the Lender pursuant to this Order.

5. Debtor has previously delivered to Lender a projection (the "Budget") of its projected revenues and expenses for the period from the Petition Date through June 30, 2001, which was acceptable to the Lender. The Budget includes a line item for the possible repayment of a \$200,000.00 loan made to the Debtor immediately prior to the bankruptcy filing to enable the Debtor to file this case in an orderly fashion (the "Prepetition Loan"); however, the Prepetition Loan shall not be repaid as reflected in the Budget, but shall be repaid pursuant to the confirmed plan of reorganization.



6. Central United Life Insurance Company ("CULIC" or "Lender") is willing to continue to lend money and extend credit and other financial accommodations to the Debtor upon the terms and conditions set forth in this Order and the Post-Petition Credit Agreement in the form attached hereto as Exhibit "A" to be executed by the Debtor and CULIC upon entry of this Order. In addition, Lender has agreed to provide, and/or to assist Debtor, upon Debtor's reasonable request to obtain bonding for projects.

7. Good cause has been shown for the entry of this Order. Among other things, entry of this Order will minimize disruption of the Debtor as a going concern, will increase the possibility for successful reorganization of the Debtor and is in the best interests of the Debtor, its creditors and other parties-in-interest.

8. The terms of the credit authorized by this Order are for reasonably equivalent value.

9. The credit extended by Lender and the indebtedness incurred by the Debtor as provided in this Order and the Post-Petition Credit Agreement are actual and necessary costs and expenses of preserving the estate of Debtor and are allowable as administrative expenses in accordance with the provisions of Sections 503(b) (1) and 507(a) (1) of the Bankruptcy Code.

10. The Debtor and the Lender have been represented by counsel, and the Post-Petition Credit Agreement authorized by this Order has been negotiated at arms length, is fair and reasonable under the circumstances, is enforceable pursuant to its terms, and Lender has acted in good faith and in compliance with Section 364 of the Bankruptcy Code in negotiations for the Post-Petition Loan.

11. The Lender has agreed to extend credit to Debtor and to allow Debtor to use portions of Debtor's prepetition and post-petition collateral, including cash collateral, only upon the terms and conditions set forth in this Order, including without limitation the granting of superpriority status under Section 364(c)(1) of the Bankruptcy Code (subject to the Carve Out (as hereinafter defined)



and the U.S. Trustee fees) and the granting of lien under Sections 364(c)(2) and (3) of the Code (subject to the Carve Out (as hereinafter defined) and the U.S. Trustee fees).

The Lender has agreed to extend credit to Debtors and to allow Debtors to use portions of Debtors pre-petition and post-petition collateral, including cash collateral (as defined in Bankruptcy Code Section 363(a)) only upon the terms and conditions set forth in this Final Order and the First and Second Interim Orders. Frost National Bank ("Frost Bank") has consented to subordinate its pre-petition lien upon post-petition accounts receivable to the extent of funds actually advanced by Lender up to \$150,000 advanced pursuant to the Interim Orders entered April 2, 2001, April 6, 2001 and April 17, 2001. All provisions in the First, Second and Third Interim Orders remain in full force and effect, including the subordination provisions.

THEREFORE, IT IS ORDERED AS FOLLOWS:

1. The Debtor is hereby authorized to borrow an amount not to exceed \$738,364 from Lender pursuant to the terms hereof. Each Debtor is only liable for the amounts advanced to it under the Post-Petition Credit Agreement. Further, the amount to be borrowed by Network under this Order and the Post-Petition Credit Agreement shall include twenty-five percent (25%) of the reorganization costs incurred in these cases (ATS shall borrow and be liable for the remaining 75%).

2. The Post-Petition Credit Agreement is approved. Any and all advances made pursuant to the Post-Petition Credit Agreement and this Order, including interests and fees accruing on such advances, shall be collectively referred to herein as the "Post-Petition Debt". Lender is obligated to make advances to Debtor hereunder in accordance with the terms of the Post-Petition Credit Agreement. The Post-Petition Debt shall be available to the Debtor on a revolving basis and may be borrowed, repaid without penalty and borrowed again, subject to an aggregate cap of \$738,364 in principal at any time outstanding, until the "Termination Date" as defined in the Post-Petition Credit Agreement. The Post-Petition Debt shall be due and payable in full on the



Termination Date. Debtor may prepay all or any portion of the outstanding balance of the Post-Petition Debt in accordance with the terms and conditions of the Post-Petition Credit Agreement.

3. The Post-Petition Debt shall bear interest at 13% per annum. All past due principal, interest or other amounts owing under the Post-Petition Debt shall bear interest at 18% per annum.

4. For the purposes hereof, "Event of Default" shall have the meaning assigned to such term in the Post-Petition Credit Agreement.

5. All of the Post-Petition Debt shall be secured by a (i) first priority security interest in and lien (a) on any and all unencumbered assets of Debtor created, acquired or arising prior to the Petition Date and any and all assets of Debtor created, acquired, or arising after the Petition Date, (except that such liens will only attach to the assets of the specific Debtor to the extent of any funds advanced to or utilized by the specific Debtor which shall include each Debtor's proportionate share of reorganization costs, 75% ATS and 25% Network), save and except the Avoidance Actions (as hereinafter defined), the Carve Out, the Lender Actions and the U.S. Trustee fees, and (b) all Cash Collateral (as that term is defined in the Bankruptcy Code) relating thereto; and (ii) a junior security interest in and lien upon (a) any and all assets of the Debtor which were subject, as of the Petition Date, to an otherwise unavoidable lien (except that such liens will only attach to the assets of the specific Debtor to the extent of any funds advanced to the specific Debtor by Lender); save and except the Avoidance Actions (as hereinafter defined) the Carve Out, the Lender Actions and the U.S. Trustee's fees; and (b) all Cash Collateral (as that term is defined in the Bankruptcy Code) relating thereto. The Lender's agreement to provide post-petition financing to the Debtor is specifically conditioned upon the grant of a lien in favor of Lender on the assets of ATS, Network and Accurate to secure the post-petition advances to the extent of funds advanced to or utilized by each Debtor. As used in this paragraph, "assets" includes all assets of the Debtor, wherever located, and whether now existing or hereafter arising and whether now owned or hereafter acquired, together



with all proceeds and products thereof, and accessions, accessories and improvements thereto, and replacements there for, including without limitation the following:

- (a) All of Debtor's presently existing and hereafter acquired and arising property including, but not limited to, the following types, and all profits, proceeds, products or replacements thereof and accessions thereto: (i) all accounts receivable, chattel paper, contract rights, instruments and documents whether now existing or hereafter arising; (ii) all inventory (including parts, materials, supplies and work in progress) now existing or hereafter acquired; (iii) all general intangibles whether now existing or hereafter arising, including without limitation, all federal, state and local tax refunds, trademarks, trade names and patents, and books and records of Debtor; (iv) all furniture, fixtures, motor vehicles, equipment, and other goods whether now existing or hereafter arising;
- (b) All stock, notes and instruments owned by the Debtor;
- (c) All real property of Debtor;
- (d) All deposit accounts, money, cash and insurance policies of Debtor; and
- (e) All claims or causes of action but excluding (i) any bankruptcy causes of action or their proceeds under Sections 544, 547, 548, 549, 550, 553 or otherwise under the Bankruptcy Code (the "Avoidance Actions"); (ii) any other claims or causes of action against Lender (the "Lender Actions"); and (iii) the "Carve Out" as described herein

6. All cash proceeds from the Debtor's assets including the Post-Petition Loan proceeds (the "Cash Collateral") shall be deposited by the Debtor into a segregated account (the "Cash Collateral Account") at Frost Bank. Pursuant to paragraph 5 of this Order, CULIC will have a lien on the Cash Collateral Account junior only to the lien of Frost Bank with respect to the Cash Collateral attributable to the ATS assets described in sub-paragraph 5(ii)(b) of this Order; and



junior only to the lien of Compass Bank with respect to the cash collateral attributable to the Network assets, described in sub-paragraph 5(ii)(b) of this Order; and junior only to the lien of Hibernia Bank with respect to the cash collateral attributable to the Accurate Business Machines assets.

7. All Post-Petition Debt shall be allowed as a superpriority administrative expense pursuant to Section 364(c)(1) of the Bankruptcy Code over all administrative expenses incurred in this Chapter 11 or any subsequent Chapter 7 case, save and except the Carve Out and U.S. Trustee fees, including, but not limited to, expenses of the kind specified in Sections 503(b) or 507(b) of the Bankruptcy Code, and shall at all times be senior to the rights of the Debtor or any trustee in this or any subsequent case under the Bankruptcy Code.

8. The Debtor is authorized to use the Cash Collateral solely for the payment of (i) reasonable, ordinary and necessary operating expenses of ATS while in Chapter 11 as set forth in the Budget; (ii) the payment of court-approved fee or fees and expenses approved pursuant to any Interim Fee Procedures Order, applications for bankruptcy professionals employed by ATS and the Unsecured Creditor's Committee; and (iii) payment(s) to CULIC of the Post-Petition Debt. A Carve Out in the amount of \$466,500 shall be established for professionals engaged in this case (the "Carve Out"). Neither Carve Out nor any other funds advanced by Lender pursuant to any Order regarding the Motion shall be used to pay professional fees (or other expenses) incurred in asserting or joining in any investigation, proceeding, objection, claim, counterclaim, or any other contested matter which seeks to (a) set aside or alter the priority of any lien granted by the Debtor in favor of Lender which secures the Pre-Petition Loan or the Post-Petition Debt incurred after entry of the Order; (b) challenge any document or transaction giving rise to the Pre-Petition Loan or the Post-Petition Debt incurred after entry of this Order; (c) object to any claim asserted or filed by Lender; (d) use Cash Collateral or any other component of Lender's collateral without Lender's consent; or (e) challenge



any pre-petition transaction between Lender and the Debtor; provided, further, however, up to \$5,000 may be used from the Carve Out for the investigation of pre-petition matters relating to CULIC by Committee Counsel.

9. Except for the Carve Out, no costs or expenses of administration which have been or may be incurred in these proceedings, any conversion of these proceedings pursuant to Section 1112 of the Bankruptcy Code, or in any other proceeding related hereto, and no priority claims are or will be prior to or on a parity with the claims of Lender against the Debtor arising out of the Post-Petition Debt extended by the Lender to the Debtor pursuant to this Order, or with the security interests and liens of the Lender upon the Collateral described herein above, and no such costs or expenses of administration shall be imposed against the Lender, its claims or its Collateral. No costs shall be assessed or attributed to Lender pursuant to the provisions of Section 506(c) of the Bankruptcy Code, or otherwise.

10. So long as any amount of the Post-Petition Debt remains outstanding, unless otherwise agreed to by Lender:

- (a) Debtor shall fully comply with the terms and conditions of the Post-Petition Credit Agreement and the other Loan Documents (as defined in the Post-Petition Credit Agreement); and
- (b) Debtor shall not allow any claims to be superior or pari passu with claims of the Lender hereunder.

11. To evidence the indebtedness of Debtor to Lender for the loans hereunder, the applicable rate of interest thereon, the creation of security interests as set forth above, and all terms and provisions evidencing the agreements between Debtor and Lender, Debtor is authorized to execute and deliver to Lender, all instruments, documents, security agreements, loan agreements, financing statements and other documents and instruments as the Lender may from time to time



require. Notwithstanding the foregoing, all agreements, security interests, mortgages, deeds of trust and liens contemplated by this Order are effective and perfected without further filing by the Lender in compliance with any state or federal law. The Lender will not be required to file financing statements or other documents in any jurisdiction or take any other actions in order to perfect its security interest and liens granted to it under or pursuant to this Order. If Lender, in its sole discretion chooses to file any financing statements, deeds of trust, mortgages or other documents to otherwise confirm perfection of such security interest and liens, all such documents shall be deemed to have been filed or recorded at the time and on the date of the entry of this Order. However, the failure of Debtor to execute any documentation relating to the Post-Petition Debt shall in no way affect the validity, perfection or priority of the security interests, mortgages and liens granted to Lender by this Order or otherwise.

12. Until Debtor has paid the Post-Petition Debt in full, it will give the Lender and the Creditor's Committee at least five business days' prior written notice of all subsequent pleadings filed in this reorganization case, or in the case of a conversion, any Chapter 7 case, or such lesser notice as may be afforded to Debtor with respect to such pleading.

13. The Debtor shall immediately deliver to the Lender and the Creditor's Committee any documentation relating to a solicitation, inquiry, offer or proposed sale or disposition of any material amount of property of the estate.

14. Debtor's authority to use Cash Collateral hereunder shall automatically terminate upon the occurrence of an Event of Default.

15. Debtor shall pay all reasonable fees and expenses of Lender, including without limitation attorneys fees, in connection with the administration and enforcement of this Order, to the extent approved by the Court upon appropriate application, notice and hearing.



16. Upon the occurrence of any Event of Default, CULIC may terminate its commitment to lend under the Post-Petition Credit Agreement. Further, CULIC may (a) file a Notice of Default with this Court (and serve the Notice upon Debtor's counsel, Committee counsel and the Official Service List in these cases maintained by the Debtor), and (b) set a hearing in accordance with this Court's Initial Order Regarding Complex Case Treatment. At any such hearing, the Court will consider whether cause exists to grant relief from stay under 11 U.S.C. § 362(d) (or, to the extent relief from stay is unnecessary, whether other relief is appropriate) to enable CULIC to exercise any other remedies under the Post-Petition Credit Agreement.

17. Upon the occurrence of any uncured Event of Default, the Debtor's exclusive right under 11 U.S.C. § 1121(b) to (i) file a plan of reorganization; or (ii) seek confirmation of a plan of reorganization filed within the exclusivity period, shall immediately terminate.

18. Any good faith exercise by the Lender of any remedies provided to it in connection with the Post-Petition Debt will not affect or jeopardize the Lender's existing rights or priority as a secured pre-petition lender to the Debtor.

19. The Debtor and any successor trustee in any Chapter 11 or Chapter 7 case shall not sell, assign, exchange, lease or otherwise dispose of any of its properties, rights, assets or business, whether now owned or hereinafter acquired except (a) in the ordinary course of its business and for fair consideration or (b) in accordance with a plan confirmed by the Court or an Order under Section 363 of the Bankruptcy Code.

20. The Lender may petition this Court for such additional protection as it may reasonably require to continue financing the Debtor under this Order.

21. A notice relating to the entry of this Order shall be sent to all creditors of Debtor. Any subsequent stay, modification, or vacation of this Order shall not affect the validity of any debt owed by Debtor to the Lender incurred pursuant to this Order or otherwise, nor shall any such stay,



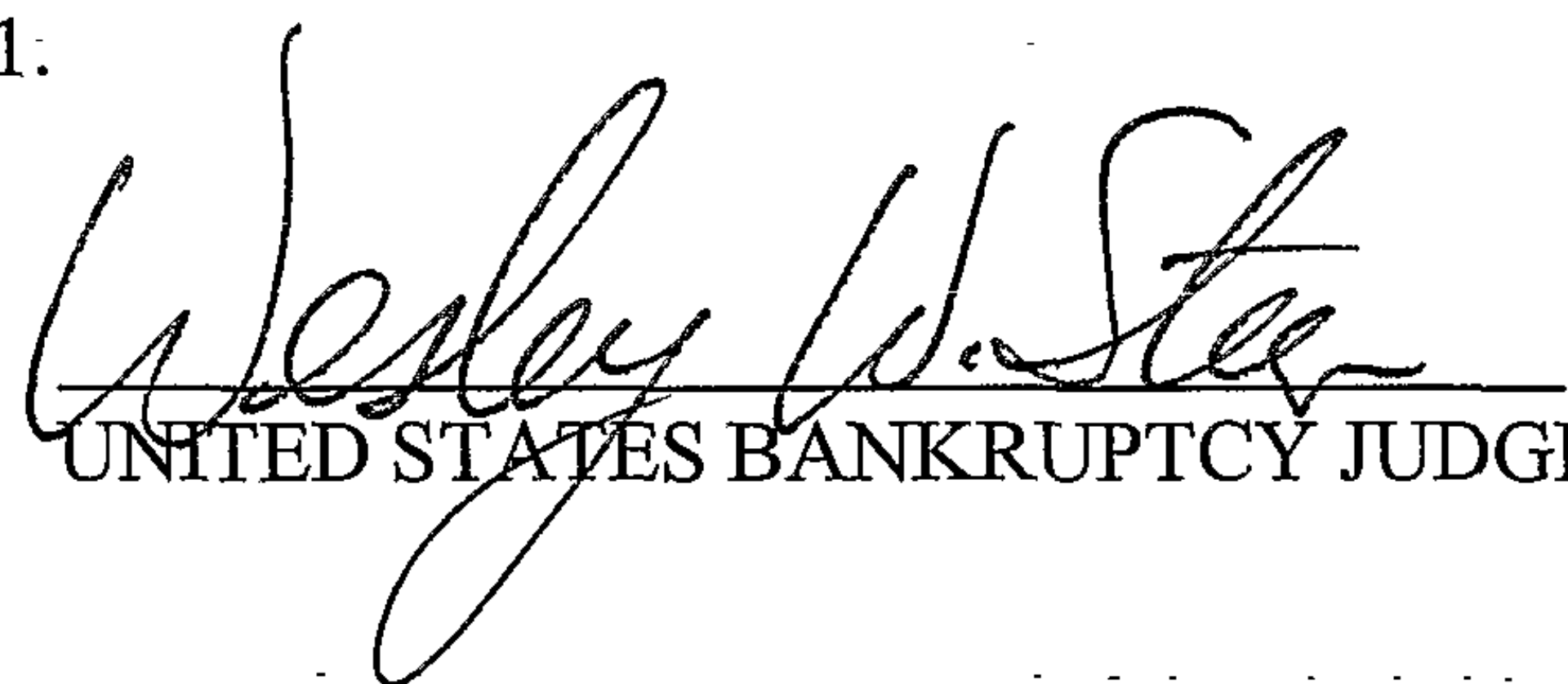
modification or vacation effect the validity, enforceability, perfection of any security interest, mortgage, lien or priority in connection therewith to the extent of the Post-Petition Debt. Notwithstanding any such stay, modification or vacation of this Order, all rights of Debtor and Lender up to and including the date of such stay, modification or vacation of this Order shall be governed in all respects by the original provisions of this Order, the Post-Petition Credit Agreement, security agreements and deeds of trust between the Debtor and the Lender, and the Lender shall be entitled to all the rights, privileges and benefits, including the security interests, mortgages, liens and priorities granted herein, and in the Prepetition Loan documents executed by Debtor in favor of Lender.

22. Unless subject to appeal pursuant to the Bankruptcy Code, this Order shall automatically become a permanent order and all of the liens and security interests granted by the Debtor in favor of the Lender in the Collateral shall remain valid, perfected and enforceable first priority liens to the extent set forth herein without further order of this or any other court and without further filing by the Lender or compliance with any other state or federal law.

23. Except as otherwise specifically provided herein, neither Lender nor the Debtor nor the Creditor's Committee waives any rights, and each shall retain all rights available pursuant to the Bankruptcy Code or any other applicable law. Specifically, the Committee reserves its rights to seek injunctive relief or an extension of time regarding events of default.

24. To the extent of any conflict between the Post-Petition Credit Agreement and this Order, the Order shall control.

EXECUTED this 26th day of April, 2001.

  
UNITED STATES BANKRUPTCY JUDGE



AGREED AND ENTRY REQUESTED:

**THOMPSON KNIGHT BROWN PARKER &  
LEAHY, L.L.P.**

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**ATTORNEYS FOR FROST NATIONAL BANK**



## POST-PETITION CREDIT AGREEMENT

THIS POST-PETITION CREDIT AGREEMENT is entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2001, by and between Advanced Telecommunications Systems, Inc. ("ATS"), a Nevada corporation, Network Media, Inc. ("Network") and Accurate Business Machines, Inc. ("Accurate") (collectively referred to as "**Borrower**"), and Central United Life Insurance Company ("**Lender**").

### WITNESSETH:

1. On March 31, 2001 (the "**Filing Date**") Borrower filed with the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the "**Court**") a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code (the "**Bankruptcy Code**") (herein referred to as the "**Bankruptcy Proceeding**").

2. Borrower has requested that Lender make certain post-petition loans and advances to Borrower for working capital purposes during the pendency of the Bankruptcy Proceeding.

3. Lender is willing to make such post-petition loans and advances in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises herein contained and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## SECTION 1

### DEFINITION OF TERMS

**1.1 Definitions.** As used in this Agreement, all exhibits and schedules hereto and in any note, certificate, report or other Loan Documents made or delivered pursuant to this Agreement, the following terms have the respective meanings assigned to them in this **Section 1** or in the section or recital referred to below:

"**Advance**" means the disbursement by Lender of a sum or sums lent to Borrower pursuant to this Agreement.

"**Agreement**" means this Post-Petition Credit Agreement, including the schedules and exhibits hereto, as the same may be renewed, extended or modified from time-to-time.

"**Affiliate**" of any Person means any other Person directly or indirectly, controlling, controlled by, or under common control with, such Person, *provided, however*, that Lender shall not be or be deemed to be an Affiliate of Borrower or any of its Subsidiaries.

"**Approved Plan**" means that certain Plan of reorganization approved by Lender and filed by Borrower with the Court as soon as practical, but in no event later than May 15, 2001 as the same may from time-to-time be modified or amended with the express prior written consent of Lender.



***"Bankruptcy Code"*** is defined in the first recital above.

***"Bankruptcy Proceeding"*** is defined in the first recital above.

***"Budget"*** means the projections of the Borrower and its Subsidiaries delivered to Lender concurrently herewith, for each calendar month or any portion thereof occurring during the ninety (90) day period after the Filing Date, on a consolidated and a consolidating basis, of estimated cash revenues and expenditures for reasonable and necessary operating expenses, which Budget shall be in reasonable detail and contain written descriptions of all material assumptions upon which such Budget is based, all in form and substance acceptable to Lender, as the same may be modified or amended from time-to-time with the express written consent of Lender.

***"Business Day"*** means any day other than a Saturday, Sunday or day on which national banks are authorized to be closed under the laws of the State of Texas.

***"Cash Collateral Accounts"*** shall mean those certain postpetition deposit accounts maintained by Borrower at Frost Bank. Borrower shall advise Lender of new account numbers when obtained.

***"Code"*** means the Internal Revenue Code of 1986, as amended, and all regulations promulgated and rulings issued thereunder.

***"Collateral"*** is defined in *Section 3.1*.

***"Collateral Documents"*** means all mortgages, deeds of trust, security agreements, pledge agreements, guaranty agreements and other agreements or documents executed or delivered to secure repayment of the Obligation or any part thereof.

***"Contract Rate"*** is defined in *Section 2.4(b)*.

***"Court"*** is defined in the first recital above.

***"Debtor Laws"*** means all applicable liquidation, conservatorship, bankruptcy, moratorium, arrangement, receivership, insolvency, reorganization or similar laws from time-to-time in effect affecting the rights of creditors generally.

***"Dividends"*** in respect of any corporation, means (a) cash distributions or other distributions on, or in respect of, any class of capital stock of such corporation, except for distributions made solely in shares of stock of the same class, and (b) other payments or transfers made in respect of the redemption, repurchase or acquisition of such stock.

***"Environmental Laws"*** means any law pertaining to air, emissions, water discharge, noise emissions, solid or liquid waste disposal, hazardous waste or materials, industrial hygiene, or other environmental, health or safety matters or conditions on, under or about real property or any portion thereof, and similar laws of any Governmental Authority having jurisdiction over real property as



such laws may be amended or supplemented from time to time, and regulations promulgated and rulings issued pursuant to such laws.

**"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder.

**"ERISA Affiliate"** means any Subsidiary or trade or business (whether or not incorporated) which is a member of a group of which Borrower is a member and which is under common control with Borrower within the meaning of Section 414 of the Code.

**"Event of Default"** is defined in *Section 8.1*.

**"Financing Order"** means an order of the Court in the Bankruptcy Proceeding substantially in the form of *Exhibit E*.

**"GAAP"** means those generally accepted accounting principles and practices, applied on a consistent basis, which are recognized as such by the American Institute of Certified Public Accountants acting through its Accounting Principles Board and the Financial Accounting Standards Board and/or their respective successors and which are applicable in the circumstances as of the date in question.

**"Governmental Authority"** means, with respect to any Person, any government (or any political subdivision or jurisdiction thereof), court, bureau, agency or other governmental authority having jurisdiction over such Person or any of its business, operations or properties.

**"Guaranty"** of any Person means any contract or understanding of such Person pursuant to which such person guarantees, or in effect guarantees, any Indebtedness of any other Person (the "Primary Obligor") in any manner, whether directly or indirectly including agreements to assure the holder of the Indebtedness of the Primary Obligor against loss in respect thereof, except that "Guaranty" shall not include endorsements, in the ordinary course of business, of negotiable instruments or documents for deposit or collection.

**"Hazardous Material"** means any hazardous, toxic, or dangerous waste, substance or material defined as such in or for the purpose of any Environmental Law.

**"Indebtedness"** means, with respect to any Person, all indebtedness, obligations and liabilities of such Person, including without limitation (a) all "liabilities" which would be reflected on a balance sheet of such Person, (b) all obligations of such Person in respect of any Guaranty, lease, which in conformity with GAAP, is required to be capitalized for balance sheet purposes, (c) all obligations, indebtedness and liabilities secured by any lien or any security interest on any property or assets of such Person, and (d) any obligation to redeem or repurchase any of such Person's capital stock, warrants or stock equivalents.

**"Investment"** in any Person means any investment, whether by means of share purchase, loan, Advance, extension of credit, capital contribution or otherwise, in or to such Person, or the subordination of any claim against such Person to other Indebtedness of such Person.



**“Lien”** means any lien, mortgage, security interest, tax lien, pledge, encumbrance, conditional sale or title retention arrangement, or any other interest in property designed to secure the repayment of Indebtedness, whether arising by agreement or under any statute or law, or otherwise.

**“Loan”** means the revolving credit loan made or to be made hereunder to Borrower by Lender pursuant to *Section 2.1*.

**“Loan Documents”** means this Agreement, the Note, the Collateral Documents and any agreements, documents (and with respect to this Agreement, and such other agreements and documents, any renewals, extensions, amendments or supplements thereto) or certificates at any time executed or delivered pursuant to the terms of this Agreement.

**“Material Adverse Effect”** means any (1) default under this Agreement or under the Note; or (2) failure to comply with the Order Approving Post-Petition Credit Agreement or the monthly Budgets provided to Lender by Borrower.

**“Maximum Rate”** means the highest nonusurious rate of interest (if any) permitted from day to day by applicable law. Lender hereby notifies and discloses to Borrower that, for purposes of Chapter 303 of the Texas Finance Code, as it may from time to time be amended, the “applicable rate ceiling” shall be the “indicated (weekly) rate ceiling” from time to time in effect in accordance with Section 303.301 of the Texas Finance Code.

**“Notes”** means the Post-Petition Notes of even date herewith executed by Borrower, payable to the order of Lender in the maximum principal amount of the Revolving Credit Commitment, and delivered pursuant to the terms of this Agreement, together with any renewals, extensions or modifications thereof.

**“Notice of Borrowing”** is defined in *Section 2.2*.

**“Obligation”** means all present and future Indebtedness (with the exception of the prepetition claims of Lender), obligations, and liabilities and all renewals and extensions thereof, or any part thereof, now or hereafter owed to Lender by Borrower arising under this Agreement, the Note and any of the other Loan Documents, and all renewals and extensions thereof, together with all interest accruing thereon and costs, expenses and attorneys’ fees incurred in the enforcement or collection thereof.

**“Person”** shall include an individual, corporation, joint venture, general or limited partnership, trust, unincorporated organization, or government, or any agency or political subdivision thereof.

**“Permitted Liens”** means (a) Liens in favor of Lender to secure the Obligation, (b) any liens in favor of Frost Bank upon the assets of ATS, and the liens of Compass on the assets of Network Media Services, Inc. and the liens of Hibernia upon the assets of Accurate Business Machines, Inc.; (c) pledges or deposits made to secure payment of worker’s compensation (or to participate in any fund in connection with worker’s compensation), unemployment insurance, pensions, or social security programs, (d) Liens imposed by mandatory provisions of law such as for materialmen’s, mechanic’s, warehousemen’s and other like Liens arising in the ordinary course of Borrower or its



Subsidiaries' respective business, securing Indebtedness whose payment is not yet due, (e) Liens for taxes imposed upon a Person or upon such Person's income, profits or property, if the same are not yet due and payable or if the same are being contested in good faith and as to which adequate reserves are maintained in accordance with GAAP, (f) good faith deposits in connection with leases, real estate bids or contracts (other than contracts involving the borrowing of money), pledges or deposits to secure (or in lieu of) surety, stay, appeal or customs bonds and deposits to secure the payment of taxes, assessments, customs, duties or other similar charges, (g) encumbrances consisting of zoning restrictions, easements, or other restrictions on the use of real property, provided that such encumbrances do not impair the use of such property for the uses intended, and none of which is violated by existing or proposed structures or land use, and (h) Liens described on *Exhibit D*.

**"Plan"** means an employee benefit plan or other plan maintained by Borrower or any ERISA Affiliate and which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code, as amended.

**"Potential Default"** means the occurrence of any event which with passage of time or giving of notice or both could become an Event of Default.

**"Principal Debt"** means, as of any date, the sum of the outstanding principal balance of all outstanding Advances hereunder as of such date.

**"Revolving Credit Commitment"** means \$738,364.00, as the same may be decreased by Borrower pursuant to *Section 2.1*, or terminated by Lender pursuant to *Section 8.2*.

**"Subsidiary"** means any corporation of which more than fifty percent (50%) (in number of votes) of the issued and outstanding securities having ordinary voting power for the election of at least a majority of the directors is owned or controlled, directly or indirectly, by Borrower, any Subsidiary or any combination thereof, including without limitation those listed on *Exhibit A* hereto.

**"Temporary Cash Investment"** means any Investment (a) in direct obligations of the United States of America or any agency thereof, or obligations fully guaranteed by the United States of America or any agency thereof, provided that such obligations mature within one year of the date of acquisition thereof, and (b) time deposits with, and certificates of deposit and bankers' acceptances issued by, any United States commercial bank having capital surplus and undivided profits aggregating at least \$1,000,000,000.

**"Termination Date"** means the earlier of (a) the one hundred and fiftieth (150<sup>th</sup>) day after the Filing Date; provided, however, that so long as (i) no Termination Event (or event or condition which, with the giving of notice or passage of time, or both, would become a Termination Event) has occurred and is continuing, and (ii) the Court has set a hearing date for confirmation of the Approved Plan during the period of time after the one hundred and fiftieth (150<sup>th</sup>) day but before the one-hundred eightieth (180<sup>th</sup>) day after the Filing Date, which hearing date has not been postponed or continued, upon written request by Borrower received by Lender on or before the one-hundred fortieth (140<sup>th</sup>) day after the Filing Date the Termination Date resulting under this *clause (a)* may be



extended to the one-hundred eightieth (180<sup>th</sup>) day after the Filing Date, or (b) the occurrence of a Termination Event.

**“Termination Event”** means the occurrence of any of the following: (i) any non-compliance by Borrower with any of the terms or provisions of the Financing Order, (ii) the termination of Lender’s commitment to make Advances upon the occurrence of an Event of Default pursuant to **Section 8.2**, or (iii) the effective date of any plan of reorganization filed in the Bankruptcy Proceeding and confirmed by order of the Court.

**1.2 Accounting Terms.** As used in this Agreement, and in the Note, and in any certificate, report or other document made or delivered pursuant to this Agreement, accounting terms not defined in **Section 1.1**, and accounting terms partly defined in **Section 1.1** to the extent not defined, shall have, as of any date, the respective meanings given to them under GAAP and all references to balance sheets or other financial statements shall mean such statements, prepared in accordance with GAAP as of such date.

**1.3 Rules of Construction.** When used in this Agreement: (a) “or” is not exclusive; (b) a reference to a law includes any amendment or modification to such law; (c) a reference to a Person includes its permitted successors and permitted assigns; (d) except as provided otherwise, all references to the singular shall include the plural and *vice versa*; (e) except as provided in this Agreement, a reference to an agreement, instrument or document shall include such agreement, instrument or document as the same may be amended, modified or supplemented from time to time in accordance with its terms and as permitted by the Loan Documents; (f) all references to Sections shall be to Sections of this Agreement, unless otherwise indicated; (g) all Exhibits to this Agreement shall be incorporated into this Agreement; (h) the words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation;” and (i) except as otherwise provided herein, in the computation of time from a specified date to a later specified date, the word “from” means “from and including” and words “to” and “until” each mean “to but excluding.”

## SECTION 2

### THE REVOLVING CREDIT LOAN

**2.1 The Revolving Credit Loan and Revolving Credit Commitment.** Subject to the terms and conditions of this Agreement and the Order entered by the Bankruptcy Court approving this Agreement, Lender agrees to extend to Borrower, from the date hereof through the Termination Date, a revolving line of credit which shall not exceed at any one time the Revolving Credit Commitment; *provided, however*, that Lender shall not be obligated to make any Advance or otherwise extend credit to Borrower in an aggregate amount which would exceed the amount approved in the Financing Order. Within the limits of this **Section 2.1**, during such period, Borrower may borrow, repay and reborrow in accordance with this Agreement. Borrower shall have the right, upon three (3) Business Days’ prior written notice to Lender, to permanently reduce the unutilized portion of the Revolving Credit Commitment; provided that any partial reduction shall be in the minimum amount of \$25,000 or a greater integral multiple of \$5,000. Each Borrower shall only be liable for the funds advanced to it or utilized by it plus each Debtor's share of reorganization costs in the amount of 75% ATS and 25% Network.



**2.2. Manner of Borrowing.** Borrower shall give Lender prior written notice on or before 10:00 a.m. (Houston, Texas time) on the third (3rd) Business Day prior to any day an Advance is requested (a "*Notice of Borrowing*") of each requested Advance hereunder in form and substance acceptable to Lender and shall specify the aggregate amount and requested date of such Advance. Each Advance shall be in an amount of \$25,000 or an integral multiple of \$5,000 in excess thereof. Not later than 2:00 p.m., Houston, Texas time, on the date specified, subject to the terms and conditions of this Agreement, Lender shall make available to Borrower, by deposit to the Cash Collateral Account, the amount of such requested Advance in immediately available funds by wire transfer in accordance with the wire transfer instructions provided by Borrower to Lender.

**2.3 [Intentionally Omitted].**

**2.4 Notes and Note Payments.**

(a) **Notes.** The Advances made under *Section 2.1* by Lender to each Borrower shall be evidenced by Notes in form and substance satisfactory to Lender executed by ATS and Network, which Notes shall (i) be dated the date hereof, (ii) obligate each Borrower to repay any advances to that specific Borrower up to a combined total of \$738,364 in accordance with the terms of the Order approving this Agreement, (iii) be payable to the order of Lender, and (iv) bear interest in accordance with *Section 2.4(b)*.

(b) **Interest Rate.** The unpaid Principal Debt shall bear interest from the date of Advance to maturity at a rate per annum which shall from day to day be equal to the lesser of: (i) thirteen percent (13.0%) (the "*Contract Rate*"), or (ii) the Maximum Rate. Overdue principal and interest on the Loan shall bear interest, to the extent permitted by applicable law, at a rate per annum equal to the lesser of (i) the Maximum Rate, or (ii) eighteen percent (18%).

(c) **Payments.**

(1) **Principal and Interest.** The unpaid Principal Debt, and all accrued but unpaid interest thereon, shall be due and payable on the Termination Date.

(2) **Optional Prepayments.** Borrower shall have the right, from time to time, to prepay unpaid Principal Debt, in whole or in part, without premium or penalty, upon the payment of accrued interest on the amount prepaid to and including the date of payment; provided, however, that partial prepayments of principal shall be in an amount equal to \$25,000 or a greater integral multiple of \$5,000 (or, if less, the unpaid Principal Debt).

(3) **Manner and Application of Payments.** All payments and prepayments by Borrower on account of principal, interest, and fees hereunder shall be made in immediately available funds. All such payments shall be made to Lender at its principal office in Houston, Texas, not later than 12:00 noon, Houston, Texas time, on the date due and funds received after that hour shall be deemed to have been received by Lender on the next following Business Day. If any payment is scheduled to become due and payable on a day which is not a Business Day, such payment shall



instead become due and payable on the immediately following Business Day and interest on the principal portion of such payment shall be payable at the then applicable rate during such extension. All payments made on the Note shall be applied first to accrued interest and then to principal.

**(4) Computation of Interest and Fees.** Interest on the Note and the fees shall be calculated on the basis of actual number of days (including the first day but excluding the last day) elapsed but computed as if each calendar year consisted of 360 days (unless the calculation would result in an interest rate greater than the Maximum Rate, in which event interest will be calculated on the basis of a year of 365 or 366 days, as the case may be). All interest rate determinations and calculations by Lender are conclusive and binding absent manifest error.

### SECTION 3

#### COLLATERAL AND GUARANTIES

**3.1 Collateral.** All of the Post-Petition Debt shall be secured by (i) first priority security interest in and Lien (a) on any and all unencumbered assets of Debtor (to the extent of the post-petition loan to that specific Debtor) acquired or arising prior to the petition Date and any and all assets of Debtor, created, acquired, or arising after the Petition Date (save and except the Carve Out, the Avoidance Actions, the Lender Actions and the U.S. Trustee fees as described in the Order Approving this Agreement), and (b) all Cash Collateral (as that term is defined in the Bankruptcy Code) relating thereto; and (ii) a junior security interest in and Lien upon (a) any and all assets of the Debtor which were subject, as of the Petition Date, to an otherwise unavoidable lien (to the extent of the postpetition loan to that specific Debtor); and (b) all Cash Collateral (as that term is defined in the Bankruptcy Code) relating thereto (save and except the Carve Out, the Avoidance Actions, the Lender Actions and the U.S. Trustee fees as described in the Order Approving this Agreement). As used in the preceding sentence, "assets" includes all assets of the Debtor, wherever located, and whether now existing or hereafter arising and whether now owned or hereafter acquired, together with all proceeds and products thereof, and accessions, accessories and improvements thereto, and replacements there for, including without limitation the following:

- (a) All of Debtor's presently existing and hereafter acquired and arising property including, but not limited to, the following types, and all profits, proceeds, products or replacements thereof and accessions thereto: (i) all accounts receivable, chattel paper, contract rights, instruments and documents whether now existing or hereafter arising; (ii) all inventory (including parts, materials, supplies and work in progress) now existing or hereafter acquired; (iii) all general intangibles whether now existing or hereafter arising, including without limitation, all federal, state and local tax refunds, trademarks, trade names and patents, and books and records of Debtor; (iv) all furniture, fixtures, motor vehicles, equipment, and other goods whether now existing or hereafter arising;
- (b) All stock, notes and instruments owned by the Debtor;



- (c) All real property of Debtor;
- (d) All deposit accounts, money, cash and insurance policies of Debtor; and
- (e) All claims or causes of action but excluding (i) any bankruptcy causes of action or their proceeds under Sections 544, 547, 548, 549, 550, 553 or otherwise under the Bankruptcy Code (the "Avoidance Actions"), (ii) any other claims or causes of action against Lender (the "Lender Actions"), and (iii) the "Carve Out" as described in the Order approving this Agreement.

**3.2 Additional Grant of Lien.** In addition to the Liens arising hereunder and under the other Loan Documents, the Obligation shall be secured as set forth in the Financing Order.

## SECTION 4

### CONDITIONS PRECEDENT

**4.1 Initial Advance.** The obligation of Lender to make its initial Advance hereunder is subject to the conditions precedent that, on or before the date of such Advance, (a) Lender shall have received duly executed copies of each of the documents listed on *Exhibit B*, each dated as of the date of such Advance, and each in form and substance satisfactory to Lender, (b) Borrower shall have delivered to Lender the Budget, which Budget shall be in form and substance satisfactory to Lender, and (c) Lender shall have received a copy of the Financing Order entered by the Court, which Financing Order shall be in full force and effect and shall not have been vacated, stayed, reversed, modified or amended.

**4.2 All Advances.** The obligation of Lender to make any Advance under this Agreement (including the initial Advance) shall be subject to the conditions precedent that, as of the date of such Advance and after giving effect thereto: (a) there exists no Potential Default or Event of Default; (b) Borrower shall be in full compliance with the Court Order approving the Post-Petition Credit Agreement and Budget (4) there has been no occurrence of a material adverse effect.

## SECTION 5

### REPRESENTATIONS AND WARRANTIES

To induce Lender to make the Loan hereunder, Borrower represents and warrants to Lender that:

**5.1 Organization and Good Standing.** Except as affected by the commencement of the Bankruptcy Proceeding, each of Borrower and its Subsidiaries is a corporation duly organized and in good standing under the laws of the state of its incorporation, is duly qualified as a foreign corporation and in good standing in all states in which it is doing business, has the corporate power and authority to own its properties and assets and to transact the business in which it is engaged in each jurisdiction in which it operates and is or will be qualified in those states wherein it proposes



to transact business in the future. Borrower agrees that if each of Borrower and subsidiaries is not currently in good standing, it will take all necessary steps to become in good standing in its state of incorporation and principal place of business.

**5.2 Authorization and Power.** Subject to the approval of the Court pursuant to the Financing Order, each of Borrower and its Subsidiaries has full power and authority to execute, deliver and perform the Loan Documents to be executed by such Person, each of which has been duly authorized by all proper and necessary corporate action.

**5.3 No Conflicts or Consents.** Subject to the approval of the Court pursuant to the Financing Order, neither the execution and delivery of the Loan Documents, nor the consummation of any of the transactions therein contemplated, nor compliance with the terms and provisions thereof, will contravene or materially conflict with any provision of law, statute or regulation to which Borrower or any Subsidiary is subject, any judgment, license, order or permit applicable to Borrower or any Subsidiary, any indenture, loan agreement, mortgage, deed of trust, or other agreement or instrument binding on Borrower or any Subsidiary or any provision of the charter or bylaws of Borrower or any Subsidiary. Subject to the approval of the Court pursuant to the Financing Order, no consent, approval, authorization or order of any court, Governmental Authority, stockholder or third party is required in connection with the execution, delivery or performance by Borrower or any Subsidiary of any of the Loan Documents.

**5.4 Enforceable Obligations.** Subject to the approval of the Court pursuant to the Financing Order, the Loan Documents have been duly executed and delivered by Borrower and its Subsidiaries, as appropriate, and are the legal and binding obligations of Borrower and such Subsidiaries, as appropriate, enforceable in accordance with their respective terms.

**5.5 No Liens.** To the best of Borrower's knowledge and belief, except for the Permitted Liens, all of the properties and assets of Borrower and its Subsidiaries are free and clear of all Liens and other adverse claims of any nature, and such persons have good and marketable title to such properties and assets.

**5.6 Budget.** The Budget has been prepared using reasonable assumptions, which are consistent with each other and with all facts known to Borrower at the time such Budget has been delivered to Lender and Creditors Committee counsel and which includes all material assumptions necessary in order for such Budget to not be misleading in any material respect. This initial Budget is subject to modification on a monthly basis; submitted to Lender on or before the 20th of the preceding month. If no objection is received by Borrower within five days of receipt of the modified Budget, then the modified Budget is deemed approved by Lender or Creditors Committee counsel. If Lender objects to a proposed Budget, Lender will be under no obligation to make any additional Advances until entry of an order in the Bankruptcy Proceeding or until Borrower and Lender reach agreement regarding the Budget (and if required, Lender will not oppose an emergency hearing). Borrower agrees to comply with the Budgets in accordance with this Agreement.

**5.7 Full Disclosure.** No certificate or statement delivered by Borrower to Lender in connection with this Agreement or any other Loan Document contain any untrue statement of a material fact or omits to state any material fact necessary to keep the statements contained herein or therein from being misleading.



**5.8 [Intentionally Omitted].**

**5.9 [Intentionally Omitted].**

**5.10. [Intentionally Omitted].**

**5.11 Use of Proceeds; Margin Stock.** The proceeds of the Loan will be used by Borrower solely for the purposes specified in the preamble. None of such proceeds will be used for the purpose of purchasing or carrying any "margin stock" as defined in Regulations U or X of the Board of Governors of the Federal Reserve System or for any other purpose which might constitute this transaction a "purpose credit" within the meaning of such Regulations. If requested by Lender, Borrower will furnish to Lender a statement in conformity with the requirements of the Federal Reserve Form U-1 referred to in said Regulation U to the foregoing effect. No part of the proceeds of the Loan will be used for any purpose which violates, or is inconsistent with, the provisions of Regulation X.

**5.12 [Intentionally Omitted.]**

**5.13 Principal Office, Etc.** The principal office, chief executive office and principal place of business of Borrower and each Subsidiary are set forth on *Exhibit C*. Borrower and each Subsidiary maintain their principal records and books at such address.

**5.14 Compliance with Law.** To the best of its knowledge, Borrower and its Subsidiaries are in compliance with all laws, rules, regulations, orders and decrees (including all Environmental Laws) which are applicable to Borrower or any Subsidiary, or its or their properties.

**5.15 Subsidiaries.** Set forth on *Exhibit A* hereto is a complete and accurate list of all Subsidiaries as of the date hereof, showing as of such date (as to each such Subsidiary) the jurisdiction of its incorporation, the number of shares of each class of capital stock outstanding on the date hereof, the owner of the outstanding shares of each such class owned and the jurisdictions in which such Subsidiary is qualified to do business as a foreign corporation. All of the outstanding capital stock of all Subsidiaries has been validly issued, is fully paid and nonassessable and is owned by Borrower or a Subsidiary free and clear of all Liens other than Permitted Liens.

**5.16 Casualties.** Neither the business nor the properties of Borrower or any Subsidiary are affected by any environmental hazard, fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or other casualty (whether or not covered by insurance), which could have a Material Adverse Effect.

**5.17 [Intentionally Omitted].**

**5.18 Collateral Documents; Description and Location of Assets.** The Collateral Documents contain a description of all of the Collateral sufficient to grant to Lender perfected Liens therein pursuant to applicable law. Upon the entering of the Financing Order and the filing by Lender of all Collateral Documents to be filed or recorded, Lender will have (i) a perfected Lien in that portion of the Collateral existing as of the Filing Date, subject only to Permitted Liens, and (ii)



a perfected first priority Lien in that portion of the Collateral created, acquired or arising after the Filing Date. Borrower and its Subsidiaries, respectively, own no other assets or property (whether real, personal, tangible or intangible) other than as described in the Collateral Documents and lease no real or personal property except as has been disclosed in writing to Lender. All assets of Borrower and each Subsidiary are located at the addresses listed on *Exhibit C* hereto. No asset of Borrower or any Subsidiary will be kept at any other address.

**5.19 [Intentionally omitted.]**

**5.20. Leases.** To the best of Borrower's knowledge, neither Borrower nor any Subsidiary is the lessee of any real or personal property except as has been described to Lender in writing or set forth in the schedules.

**5.21 [Intentionally omitted.]**

**5.22 Labor Matters.** To the best of Borrowers knowledge, there are no controversies pending between Borrower or any Subsidiary and any of their employees which could have a Material Adverse Effect.

**5.23 [Intentionally Omitted.]**

**5.24 Licenses, Permits, etc.** Borrower has the legal right to use such valid intellectual property rights, franchises, certificates of convenience and necessity, operating rights, licenses, permits, consents, authorizations, exemptions and orders of tribunals or otherwise as are necessary or appropriate to carry on its business as now being or currently proposed to be conducted.

**5.25 Representations and Warranties.** Each Notice of Borrowing shall constitute, without the necessity of specifically containing a written statement, a representation and warranty by Borrower that no Potential Default or Event of Default exists and that all representations and warranties contained in this *Section 5* or in any other Loan Document are true and correct on and as of the date the requested Advance is to be made.

**5.26 Survival of Representations and Warranties.** All representations and warranties by Borrower herein shall survive delivery of the Note and the making of the Loan, and any investigation at any time made by or on behalf of Lender shall not diminish Lender's right to rely thereon.

## ARTICLE 6

### AFFIRMATIVE COVENANTS

So long as Lender has any commitment to make Advances hereunder, and until payment in full of the Obligation, Borrower agrees that (unless Lender shall otherwise consent in writing):

**6.1 Financial Statements, Reports and Documents.** Borrower shall deliver to Lender and Creditors Committee counsel each of the following:



(a) **Monthly Operating Reports.** As soon as available, Borrower shall deliver to Lender and Creditors Committee counsel its Monthly Operating Reports as required by the Bankruptcy Code and the U.S. Trustee, and in any event within twenty (20) days after the end of each calendar month, together with a line item reconciliation of actual receipts and expenses to those contained in the Budget and a copy of the bank statement for the Cash Collateral Account for such month all in reasonable detail, and certified by the chief executive officer of Borrower as being true and correct, and;

(b) **Disposition of Assets.** Borrower shall immediately deliver to Lender and Creditors Committee counsel any documentation relating to a solicitation, inquiry, offer or proposed sale or disposition of any material amount of Borrower's property.

(c) **Other Information.** Such other information concerning the business, properties or financial condition of Borrower or any Subsidiary as Lender or Creditors Committee counsel shall reasonably request.

**6.2 Payment of Taxes and Other Indebtedness.** Borrower shall pay and discharge all post-Filing Date taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any property belonging to it, before they become delinquent.

**6.3 Maintenance of Existence and Rights; Conduct of Business.** Borrower shall preserve and maintain its corporate existence and all of its rights, privileges and franchises necessary or desirable in the normal conduct of its business, and conduct its business in an orderly and efficient manner consistent with good business practices and in accordance with all valid regulations and orders of any Governmental Authority.

**6.4 Notice of Default.** Borrower shall furnish to Lender, immediately upon becoming aware of the existence of any condition or event which constitutes a Potential Default or an Event of Default, written notice specifying the nature and period of existence thereof and the action which Borrower is taking or proposes to take with respect thereto.

**6.5 Other Notices.** Each Borrower shall promptly notify Lender of (a) any material adverse change in its financial condition or its business, (b) any default under any agreement, contract or other instrument to which it is a party or by which any of its properties are bound, or any acceleration of the maturity of any Indebtedness owing by Borrower, (c) any adverse claim against or affecting Borrower or any of its properties, and (d) the commencement of, and any material determination in, any litigation with any third party or any proceeding before any Governmental Authority affecting Borrower.

**6.6 Operations and Properties.** ATS shall, and shall cause each of its Subsidiaries to, (a) act prudently and in accordance with customary industry standards in managing and operating its assets and properties and (b) keep in good working order and condition, ordinary wear and tear excepted, all of its assets and properties which are reasonably necessary to the conduct of its business.



**6.7 Books and Records; Access.** Borrower shall give any representative of Lender access during all business hours to, and permit such representative to examine, copy or make excerpts from, any and all books, records and documents in the possession of Borrower and relating to its affairs, to inspect any of the properties of Borrower and to discuss the business, operations, assets and financial and other condition of Borrower and its Subsidiaries with any of their respective officers, employees, accountants, or other representatives. Borrower shall, and shall cause each of its Subsidiaries to, maintain complete and accurate books and records of its transactions in accordance with good accounting practices.

**6.8 Compliance with Law.** Borrower shall, and shall cause each of its Subsidiaries to, comply with all applicable laws, rules, regulations, and all orders of any Governmental Authority, a breach of which could have a Material Adverse Effect.

**6.9 Insurance.** Borrower shall, and shall cause each of its Subsidiaries to maintain all insurance coverage required by the U.S. TRUSTEE.

**6.10 Authorizations and Approvals.** Borrower shall, and shall cause each of its Subsidiaries to, promptly obtain, from time to time at Borrower's own expense, all such governmental licenses, authorizations, consents, permits and approvals as may be required to enable it to comply with its obligations hereunder and under the other Loan Documents.

**6.11 Further Assurances.** Borrower shall, make, execute and deliver or file or cause the same to be done, all such notices, additional agreements, mortgages, assignments, financing statements or other assurances, and take any and all such other action, as Lender may, from time to time, deem reasonably necessary or proper in connection with the Financing Order or any of the Loan Documents or the obligations of Borrower or any Subsidiary thereunder.

**6.12 Indemnity by Borrower.** Borrower shall indemnify, defend and hold harmless Lender and its directors, officers, agents, attorneys, and employees (individually, an "Indemnitee" and collectively, the "Indemnitees") from and against any and all loss, liability, obligation, damage, penalty, judgment, claim, deficiency and expense (including interest, penalties, attorneys' fees and amounts paid in settlement) to which the Indemnitees may become subject arising out of this Agreement and the other Loan Documents other than those which arise by reason of the gross negligence or willful misconduct of Lender, **BUT SPECIFICALLY INCLUDING ANY LOSS, LIABILITY, OBLIGATION, DAMAGE, PENALTY, JUDGMENT, CLAIM, DEFICIENCY OR EXPENSE ARISING OUT OF THE SOLE OR CONCURRENT NEGLIGENCE OF LENDER.** Borrower shall also indemnify, protect and hold each Indemnitee harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, proceedings, costs, expenses (including without limitation all reasonable attorneys' fees and legal expenses whether or not suit is brought), and disbursements of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against such Indemnitee, with respect to or as a direct or indirect result of the violation by Borrower of any Environmental Law; or with respect to or as a direct or indirect result of Borrower's use, generation, manufacture, production, storage, release, threatened release, discharge, disposal or presence of a Hazardous Material on, under, from or about real property. The provisions of and undertakings and indemnifications set forth in this **Section 6.12** shall (a) survive the satisfaction and payment of the Obligation in termination of



this Agreement, (b) survive the release of any Liens held by Lender on real property or the extinguishment of such Liens by foreclosure or action in lieu thereof, and (c) not be construed to limit, reduce or impair in any manner whatsoever the exercise by Lender of any other rights or remedies available under the Loan Documents, at law, in equity or otherwise that Lender may have against Borrower or any other Person with respect to any of the matters subject to such undertakings and indemnifications.

**6.13 Cash Collateral Accounts.** Borrower shall cause all cash collateral and proceeds of Advances made hereunder, together with all other Cash Collateral as such term is defined in the Bankruptcy Code, to be deposited in the Cash Collateral Accounts within one (1) Business Day of receipt thereof and shall maintain such amounts in the Cash Collateral Accounts at all times, subject only to withdrawal of funds to be applied in accordance with the express terms of the Financing Order.

**6.14 Recognition of Credit Bid Rights.** In any sale of Borrower's assets occurring in the Bankruptcy Proceeding, Lender shall have the right to credit bid in accordance with 11 U.S.C. § 363(k) with respect to the amounts owing under the Obligations.

## ARTICLE 7

### NEGATIVE COVENANTS

So long as Lender has any commitment to make Advances hereunder, and until payment in full of the Obligation, Borrower agrees that (unless Lender shall otherwise consent in writing):

**7.1 Limitation on Indebtedness.** Borrower shall not incur, guarantee or otherwise be or become, directly or indirectly, liable in respect of any Indebtedness, except (a) Indebtedness arising out of this Agreement, (b) Indebtedness existing as of the Filing Date, (c) current liabilities for taxes and assessments incurred in the ordinary course of business after the Filing Date, and (d) Indebtedness incurred in the ordinary course of business incurred after the filing date (other than for borrowed funds or purchase money obligations) and, *provided* that all such liabilities, accounts and claims shall be promptly paid and discharged when due or in conformity with customary trade terms.

**7.2 Negative Pledge.** Borrower shall not, create, incur, permit or suffer to exist any Lien upon any of its property or assets, now owned or hereafter acquired, except for Permitted Liens.

**7.3 Negative Pledge Agreements.** Borrower shall not, enter into any agreement (excluding this Agreement or any other Loan Document) prohibiting the creation or assumption of any Lien upon any of its property, revenues or assets, whether now owned or hereafter acquired.

**7.4 Restrictions on Dividends.** Borrower shall not directly or indirectly declare or make, or incur any liability to make, any Dividend. Borrower shall not permit any of its Subsidiaries to directly or indirectly declare or make, or incur any liability to make, any Dividend, except Dividends to Borrower.



**7.5 Limitation on Investments.** Borrower shall not, and shall not permit any of its Subsidiaries to, make or have outstanding any Investments in any Person, except for Borrower's and its Subsidiaries' ownership of stock of Subsidiaries, loans and Advances by Borrower to Telcom outstanding on the Filing Date, Temporary Cash Investments, and such other investments as Lender may from time to time approve in writing.

**7.6 Certain Transactions.** Borrower shall not, and shall not permit any of its Subsidiaries to, enter into any transaction with, or pay any management fees to, any Affiliate; provided, however, that Borrower and its Subsidiaries may enter into transactions with Affiliates upon terms not less favorable to Borrower and its Subsidiaries than would be obtainable at the time in comparable, arms-length transactions with Persons other than Affiliates.

**7.7 Executive Personnel.** Advanced Telecommunications Systems, Inc. shall not substantially change its present executive management.

**7.8 Issuance of Shares.** Borrower shall not, and shall not permit any of its Subsidiaries to, issue, sell or otherwise dispose of, any shares of its capital stock or other securities, or rights, warrants or options to purchase or acquire any shares or securities.

**7.9 Limitation on Sale of Properties.** Borrower shall not, and shall not permit any of its Subsidiaries to sell, assign, exchange, lease or otherwise dispose of any of its properties, rights, assets or business, whether now owned or hereafter acquired, except (a) in the ordinary course of its business and for a fair consideration, or (b) in accordance with a plan confirmed by the Court or an Order under Section 363 of the Bankruptcy Code.

**7.10. Acquisitions; Subsidiaries.** Borrower shall not, and shall not permit any of its Subsidiaries to, (a) form, incorporate, acquire or make any additional Investment in any Subsidiary, or (b) acquire all or substantially all of the assets, capital stock, or other securities of any class of any other Person.

**7.11 Liquidation, Mergers, Consolidations and Dispositions of Substantial Assets.** Borrower shall not, and shall not permit any of its Subsidiaries to, dissolve or liquidate, or become a party to any merger or consolidation, or acquire by purchase, lease or otherwise all or substantially all of the assets or capital stock of any Person, or sell, transfer, lease or otherwise dispose of all or any substantial part of its property or assets or business except in connection with a plan confirmed by the Court or an Order under Section 363 of the Bankruptcy Code.

**7.12 Lines of Business; Receivables Policy.** Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, engage in any business other than those in which it is presently engaged, or discontinue any of its existing lines of business.

**7.13 Guaranties.** Borrower shall not, and shall not permit any of its Subsidiaries to, become or be liable in respect of any Guaranty.

**7.14 Sale and Leaseback.** Borrower shall not, and shall not permit any of its Subsidiaries to, enter into any arrangement with any Person pursuant to which Borrower or any of its Subsidiaries



will lease, as lessee, any property which it owned as of the date hereof and which it sold, transferred or otherwise disposed of to such other Person unless approved by the Court.

**7.15 Additional Bankruptcy Related Covenants.** Borrower shall not, and shall not permit any Subsidiary to:

(a) incur or apply to the Court for authority to incur, or suffer to exist, any (i) Indebtedness having the priority afforded by Section 364(c) or (d) of the Bankruptcy Code (including any Superpriority Claims) other than the financing provided for under this Agreement and the other Loan Documents or as authorized pursuant to the Financing Order, or (b) obligation to make adequate protection payments or otherwise provide adequate protection to any creditor or claimant, other than as expressly contemplated by the Financing Order or as approved by the Lender;

(b) limit, affect or modify, or apply to the Court to limit, affect or modify any of Lender's rights with respect to the Obligation, including, without limitation, Lender's rights with respect to the post -Filing Date Collateral and the priority of its Liens with respect thereto; or

(c) apply to the Court for the authority to incur, create, assume, suffer or permit any claim, Lien or encumbrance (other than Permitted Liens) against any of its assets in the Bankruptcy Proceeding to be pari passu with, or senior to, the Liens and claims of the Lender granted and arising under the Loan Documents and the Financing Order.

**7.16 [Intentionally Omitted.]**

**7.17 ERISA.** Neither Borrower nor any ERISA Affiliate will create any Plan.

**7.18 Fiscal Year.** Borrower shall not, and shall not permit any of its Subsidiaries to, change its fiscal year

## ARTICLE 8

### EVENTS OF DEFAULT

**8.1 Events of Default.** An "*Event of Default*" shall exist if any one or more of the following events (herein collectively called "*Events of Default*") shall occur and be continuing:

(a) Borrower shall fail to pay when due the Obligation or any part thereof and such failure shall continue unremedied for five (5) business days after written notice of default; or

(b) Any representation or warranty made under this Agreement, or any of the other Loan Documents, shall prove to be untrue or inaccurate in any respect as of the date on which such representation or warranty is made or deemed to have been made and such



breach shall continue unremedied for five (5) business days after written notice of default;  
or

(c) Default shall occur in the performance of any of the covenants or agreements of Borrower or any Subsidiary contained herein, or in any of the other Loan Documents and such default shall remain uncured for five (5) business days after written notice of default;  
or

(d) The Court shall enter an order dismissing the Bankruptcy Proceeding or converting it to a case under Chapter 7 of the Bankruptcy Code, or, without the written consent of the Lender, appointing a trustee in the Bankruptcy Proceeding or appointing a responsible officer or an examiner with enlarged powers relating to the operation of Borrower's business (beyond those set forth in Section 1106(a)(3) or (4)) under Bankruptcy Code Section 1106(b); or

(e) The Bankruptcy Court shall enter an order granting relief from the automatic stay applicable under Section 362 of the Bankruptcy Code to the holder (other than Lender) of any Lien in any assets of the Borrower or any Subsidiary having a liquidated, non-contingent claim in excess of \$300,000; or

(f) Borrower shall apply for authority to amend, supplement, stay, vacate or otherwise modify the Financing Order without the prior written consent of the Lender; or

(g) Borrower shall file a pleading contesting Lender's lien, including a response in support of another pleading contesting Lender's lien; or

(h) Borrower shall file an objection to Lender's claim; including a response in support of another pleading contesting Lender's lien; or

(i) Borrower shall file a plan of reorganization other than the joint plan proposed by Borrower and Lender or shall fail to file or seek confirmation of the Approved Plan, provided, however, that nothing contained herein shall require the Borrower to file or seek confirmation of a plan that Borrower does not believe is in the best interest of the estate consistent with the Borrower's fiduciary duties and, if Borrower defaults under this provision, such default shall not be effective for five (5) business days after notice of such default to Borrower and Creditors Committee and opportunity to cure; or

(j) The Financing Order shall not have been approved by the Bankruptcy Court on or before April 28, 2001; or

(k) From and after the date of entry thereof, the Financing Order shall cease to be in full force and effect (or shall have been vacated, stayed, reversed, modified or amended), in each case without the consent of the Lender; or

(l) Borrower or any Subsidiary thereof shall make any payments on any Indebtedness of Borrower or such Subsidiary (other than as permitted under the Financing



Order or permitted hereunder) arising before the Filing Date, except as expressly allowed by order of the Bankruptcy Court or with the approval of Lender; or

(m) Borrower shall fail to comply with the terms of the Financing Order in any material respect and such failure shall continue unremedied for five (5) days after written notice of default; or

(n) Any Loan Document shall cease, for any reason, to be in full force and effect or Borrower or any of its Subsidiaries shall so assert in writing, or any Loan Document shall cease to be effective to grant a perfected Lien on any material item of Collateral described therein with the priority purported to be created thereby and such condition shall continue to exist for five (5) days after written notice of default.

**8.2 Remedies Upon Event of Default.** Upon the occurrence of an uncured Event of Default, Lender may terminate its commitment to lend hereunder. Further, Lender may (a) file a Notice of Default with the Court (and serve the Notice upon Borrower's counsel, counsel for the Unsecured Creditors' Committee and the Official Service List maintained in the Bankruptcy Proceeding), and (b) set a hearing in accordance with this Court's Initial Order Regarding Complex Case Treatment. At any such hearing, the Court will consider whether cause exists to grant relief from stay under 11 U.S.C. § 362(d) (or, to the extent relief from stay is unnecessary, whether other relief is appropriate) to enable Lender to exercise any other remedies under this Agreement, including an act to (i) declare the Obligation or any part thereof to be forthwith due and payable, whereupon the same shall forthwith become due and payable without presentment, demand, protest, notice of default, notice of acceleration or of intention to accelerate or other notice of any kind, all of which Borrower hereby expressly waives, anything contained herein or in the Note to the contrary notwithstanding, (ii) reduce any claim to judgment, or (iii) pursue and enforce any of Lender's rights and remedies under the Loan Documents, or otherwise provided under or pursuant to any applicable law or agreement.

**8.3 Performance by Lender.** Should Borrower fail to perform any covenant, duty or agreement contained in any of the Loan Documents, Lender may perform or attempt to perform such covenant, duty or agreement on behalf of Borrower. In such event, Borrower shall, at the request of Lender, promptly pay any amount expended by Lender in such performance or attempted performance to Lender at its principal office in Houston, Texas together with interest thereon at the Maximum Rate from the date of such expenditure until paid. Notwithstanding the foregoing, it is expressly understood that Lender shall not assume any liability or responsibility for the performance of any duties of Borrower hereunder or under any of the Loan Documents and none of the covenants or other provisions contained in this Agreement shall, or shall be deemed to, give Lender the right or power to exercise control over the management and affairs of Borrower.



## ARTICLE 9

### MISCELLANEOUS

**9.1 Accounting Reports.** All financial reports or projections furnished by any Person to Lender pursuant to this Agreement shall be prepared in such form and such detail as shall be satisfactory to Lender, and, where applicable, shall be the same financial reports and projections as those furnished to such Person's officers and directors.

**9.2 Waiver.** No failure to exercise, and no delay in exercising, on the part of Lender, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right. The rights of Lender under the Loan Documents shall be in addition to all other rights provided by law. No modification or waiver of any provision of any Loan Document, nor consent to departure therefrom, shall be effective unless in writing and no such consent or waiver shall extend beyond the particular case and purpose involved. No notice or demand given in any case shall constitute a waiver of the right to take other action in the same, similar or other instances without such notice or demand.

**9.3 Payment of Expenses.** Borrower agrees to pay Lender on demand all costs and expenses of Lender (including, without limitation, the reasonable attorneys' fees of Lender's counsel) incurred in connection with the preservation and enforcement of Lender's rights under the Loan Documents, and all reasonable costs and expenses of Lender (including without limitation the reasonable fees and expenses of Lender's counsel) in connection with the administration and enforcement of the Loan Documents.

**9.4 Notices.** Any communications required or permitted to be given by any of the Loan Documents must be (a) in writing and personally delivered or mailed by prepaid certified or registered mail, or (b) made by facsimile transmission delivered or transmitted, to the party to whom such notice of communication is directed, to the address of such party shown opposite its name on the signature pages hereof. Any such communication shall be deemed to have been given (whether actually received or not) on the day it is personally delivered or, if transmitted by facsimile transmission, on the day that such communication is transmitted as aforesaid subject to telephone confirmation of receipt; provided, however, that any notice received by Lender after 10:00 a.m. Houston, Texas time on any day from Borrower pursuant to **Section 2.2** (with respect to a Notice of Borrowing) shall be deemed for the purposes of such Section to have been given by Borrower on the next succeeding day, or if mailed, on the third day after it is marked as aforesaid. Any party may change its address for purposes of this Agreement by giving notice of such change to the other parties pursuant to this **Section 9.4**.

Notice shall also be given to:

H. Malcolm Lovett, Jr.  
Advanced Telecommunications Systems, Inc.  
16597 Village Drive  
Houston, Texas 77040  
(FAX) 713-856-8232



and

Strategic Capital Corporation  
4265 San Felipe, Ste. 450  
Houston, Texas 77027  
(FAX) 713-418-7127

With a copy to (which shall not constitute notice):

Diana M. Woodman  
Thompson & Knight, LLP  
1200 Smith Street, Suite 3600  
Houston, Texas 77002  
(FAX) 713-654-1871

and to:

David W. Harris  
Central United Life Insurance Company, Inc.  
2727 Allen Parkway, Sixth Floor  
Houston, Texas 77019  
(FAX) 713-529-8945

With a copy to (which shall not constitute notice):

Charles A. Beckham, Jr.  
Haynes and Boone, LLP  
1000 Louisiana, Suite 4300  
Houston, Texas 77002  
(FAX) 713-236-5638

and to:

Counsel to Creditors Committee:  
Trent Rosenthal  
Boyar & Miller, P.C.  
4265 San Felipe, Suite 1200  
Houston Texas 77027

**9.5 Governing Law.** This Agreement has been prepared, is being executed and delivered, and is intended to be performed in the State of Texas and the substantive laws (without regard to principles of conflicts of law) of such state and the applicable federal laws of the United States of America shall govern the validity, construction, enforcement and interpretation of this Agreement and all of the other Loan Documents.

**9.6 Choice of Forum; Consent to Service of Process and Jurisdiction.** Any suit, action or proceeding against Borrower with respect to this Agreement, the Note or any judgment



entered by any court in respect thereof, may be brought in the courts of the United States Bankruptcy Court for the Southern District of Texas, Houston Division or the District Court for the Southern District of Texas, Houston Division. If jurisdiction does not lie in federal court, then any suit shall be brought in the state district court of Harris County, Texas.

**9.7 Invalid Provisions.** Any provision of any Loan Document held by a court of competent jurisdiction to be illegal, invalid or unenforceable and shall not invalidate the remaining provisions of such Loan Document which shall remain in full force and the effect thereof shall be confined to the provision held invalid or illegal.

**9.8 Maximum Interest Rate.** Regardless of any provision contained in any of the Loan Documents, Lender shall never be entitled to receive, collect or apply as interest (whether termed interest herein or deemed to be interest by operation of law or judicial determination) on the Note any amount in excess of interest calculated at the Maximum Rate, and, in the event that any Lender ever receives, collects or applies as interest any such excess, the amount which would be excessive interest shall be deemed to be a partial prepayment of principal and treated hereunder as such; and, if the principal amount of the Obligation is paid in full, any remaining excess shall forthwith be paid to Borrower. In determining whether or not the interest paid or payable under any specific contingency exceeds interest calculated at the Maximum Rate, Borrower and Lender shall, to the maximum extent permitted under applicable law, (i) characterize any nonprincipal payment as an expense, fee or premium rather than as interest; (ii) exclude voluntary prepayments and the effects thereof; and (iii) amortize, prorate, allocate and spread, in equal parts, the total amount of interest throughout the entire contemplated term of the Note; provided that, if the Note is paid and performed in full prior to the end of the full contemplated term thereof, and if the interest received for the actual period of existence thereof exceeds interest calculated at the Maximum Rate, Lender shall refund to Borrower the amount of such excess or credit the amount of such excess against the principal amount of the Note and, in such event, Lender shall not be subject to any penalties provided by any laws for contracting for, charging, taking, reserving or receiving interest in excess of interest calculated at the Maximum Rate.

**9.9 Nonliability of Lender.** The relationship between Borrower and Lender is, and shall at all times remain, solely that of Borrower and Lender and Lender has no fiduciary or other special relationship with Borrower arising out of this Agreement.

**9.10. Offset.** Borrower hereby grants to Lender the right of offset, to secure repayment of the Obligation, upon any and all moneys, securities or other property of Borrower and the proceeds therefrom, now or hereafter held or received by or in transit to Lender or its agents, from or for the account of Borrower or any Guarantor, whether for safe keeping, custody, pledge, transmission, collection or otherwise, and any and all claims of Borrower against Lender at any time existing.

**9.11 Successors and Assigns.** The Loan Documents shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors, assigns and legal representatives; provided, however, that Borrower may not, without the prior written consent of Lender, assign any rights, powers, duties or obligations thereunder. Lender reserves the right to sell all or a portion of its interest in the Loan and Lender shall have the right to disclose any information in its possession regarding Borrower, any Subsidiary, or any assets pledged to Lender in connection herewith to any potential transferee of the Loan or any part thereof.



**9.12 Non-Applicability of Chapter 346 of Finance Code.** The Borrower and Lender hereby agree that the provisions of Chapter 346 of the Texas Finance Code, as amended (regulating certain revolving credit loans and revolving tri-party accounts) shall not apply to the Loan Documents or to the transactions contemplated hereby.

**9.13 Headings.** Section headings are for convenience of reference only and shall in no way affect the interpretation of this Agreement.

**9.14 Survival.** All representations and warranties made by Borrower herein shall survive delivery of the Note and the making of the Loan.

**9.15 Participations.** Lender shall have the right to enter into participation agreements with other Persons with respect to the Note, and grant participations in the Note and the other Loan Documents but such participation shall not affect the rights and duties of such Lender hereunder vis-a-vis Borrower. Each actual or proposed participant shall be entitled to receive all information received by Lender regarding the creditworthiness of Borrower, including, without limitation, information required to be disclosed to a participant pursuant to Banking Circular 181 (Rev., August 2, 1984), issued by the Comptroller of the Currency (whether the actual or proposed participant is subject to the circular or not).

**9.16 No Third Party Beneficiary.** The parties do not intend the benefits of this Agreement to inure to any third party, nor shall any Loan Document or any course of conduct by any party hereto be construed to make or render Lender or any of its officers, directors, agents or employees liable (a) to any materialman, supplier, contractor, subcontractor, purchaser or lessee of any property owned by Borrower, or (b) for debts or claims accruing to any such Persons against Borrower.

**9.17 Waiver of Jury Trial.** To the fullest extent permitted by applicable law, Borrower hereby irrevocably and expressly waives all right to a trial by jury in any action, proceeding, or counterclaim (whether based upon contract, tort, or otherwise) arising out of or relating to any of the Loan Documents or the transactions contemplated thereby or the actions of Lender in the negotiation, administration, or enforcement thereof.

**9.18 Multiple Counterparts.** This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart.

**9.19. Entirety.** THIS AGREEMENT, THE NOTE, AND THE OTHER LOAN DOCUMENTS REFERRED TO HEREIN EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO. THE PROVISIONS OF THIS AGREEMENT AND THE OTHER LOAN



DOCUMENTS TO WHICH BORROWER IS A PARTY MAY BE AMENDED OR WAIVED ONLY BY AN INSTRUMENT IN WRITING SIGNED BY THE PARTIES HERETO.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

Address for Notice:

16597 Village Drive  
Houston, Texas 77040

Attn: \_\_\_\_\_

Telephone: (713) 466-3300

Telecopier: (713) 856-8232

16597 Village Drive  
Houston, Texas 77040

Attn: \_\_\_\_\_

Telephone: (713) 466-3300

Telecopier: (713) 856-8232

16597 Village Drive  
Houston, Texas 77040

Attn: \_\_\_\_\_

Telephone: (713) 466-3300

Telecopier: (713) 856-8232

Address for Notice:

2727 Allen Parkway, Sixth Floor  
Houston, Texas 77019

Attn: Mr. David Harris

Telephone: \_\_\_\_\_

Telecopier: 713-529-8945

**BORROWER:**

ADVANCED TELECOMMUNICATIONS SYSTEMS,  
INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

NETWORK MEDIA, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

ACCURATE BUSINESS MACHINES, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**LENDER:**

CENTRAL UNITED LIFE INSURANCE  
COMPANY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



The Exhibit(s) May  
Be Viewed in the  
Office of the Clerk